

Turnover
₹ 43337 Crore

Profit After Tax
₹ 6011 Crore

Orders Inflow
₹ 60507 Crore

ANNUAL REPORT

2010-11

Power



Transmission



Industry



Transportation



NCES



Oil & Gas



***Steering Change...
Sustaining Growth...***



Vision

A World-Class Engineering Enterprise Committed to Enhancing Stakeholder Value

Mission

To be an Indian Multinational Engineering Enterprise providing Total Business Solutions through Quality Products, Systems and Services in the fields of Energy, Industry, Transportation, Infrastructure and other potential areas

Values

Zeal to Excel and Zest for Change, Integrity and Fairness in all Matters, Respect for Dignity and Potential of Individuals, Strict Adherence to Commitments, Ensure Speed of Response, Foster Learning, Creativity and Teamwork, Loyalty and Pride in the Company

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Letter to Shareholders



Dear Shareholders,

It gives me great pleasure in reporting that we concluded another successful year of BHEL's growth story. 2010-11 was an excellent year, which saw private as well as public sector utilities and other customers reposing confidence in company's capabilities. Your company turned out spectacular financial performance. Your company has managed to sustain its leadership position and is ready to embark on a new phase of dynamic growth.

I take this opportunity to share with you some of the key highlights of the year gone by:

Business & Financial Accomplishments:

Turnover of your company has quadrupled and profit has increased by six times during last six years. Top line of the company was ₹ 43,337 crore, recording the strong growth of 27%. With Profit Before Tax of ₹ 9006 crore and Profit After Tax of ₹ 6011 crore, the profitability rose appreciably by 37% and 39% respectively during the year. BHEL had many accomplishments in various business areas. Some of them are:

- In spite of difficult market conditions, BHEL booked orders of 7 nos. Boilers and 9 nos. Turbine-Generators with supercritical parameters from public as well as private sector utilities.
- BHEL secured record orders worth ₹ 60,507 Crore, during the year, despite various challenges confronting the power sector in recent times. At the end of the year, total orders in hand for execution in 2011-12 and beyond, stand at about ₹ 1,64,145 Crore.
- Order of first 700 MW Nuclear TG (2 sets) for KAPP 3,4 from NPCIL in consortium with Alstom - new rating introduced.
- Repeat order for 10 sets of 270 MW each from the Indiabulls Group indicating confidence of customers in your company.
- Export orders from 24 countries across five continents.
- The company is continuing to invest heavily in building capacities and capabilities, not only to cope with rising demand, but also in view of our drive to strengthen our engineering character. Therefore, Capital investment of ₹ 1,655 crore and R&D expenditure of ₹ 982 crore were incurred during the year.
- Economic Value Addition (EVA) reached ₹ 3,793 Crore, a 42% y-o-y increase.
- EPS on the post-bonus equity capital increased to ₹ 122.80 against previous year's ₹ 88.06.
- A final dividend of 179% has been recommended by Board, in addition to the interim dividend of 132.5% for the year, making a total of 311.50% for the year.

For a New Phase of Dynamic Growth

BHEL is committed to drive a new phase of growth, at a time of increasing focus of Government of India on developing infrastructure sector.

In this environment, your company has over a period of time established a number of differentiating competitive strengths, including a powerful manufacturing base, world-class equipment performance, the technology edge, diversified business portfolio, country-wide efficient after-sales-service network, a robust balance

sheet capable of supporting its growth ambitions and strong human capital base.

Backed by these attributes, your company continues to pursue its '6-Point Strategy' to sustain its leadership in its current business areas and capture opportunities in emerging growth areas.

1. Capacity Enhancement

Augmentation of manufacturing capacity from 15,000 MW to 20,000 MW is on track for completion by March 2012. I am pleased to inform you that BHPV Vizag which we acquired in 2008 as part of our inorganic growth strategy has turned profitable in 2010-11. Further, your company has taken 51% stake in Kasargod unit of KEL Kerala for rapid capacity enhancement for rotating electrical machines. We will continue to build capacities both organically as well as inorganically.

2. Accelerated Project Execution

Your company has continually been improving its execution capabilities. Key drivers of our strategy are vendor base expansion, Advanced Manufacturing Actions, greater application of Information Technology, Rate Contracts, enhanced outsourcing, deployment of additional tools and plants, Away Center Fabrication and greater empowerment of project managers. Further, to address skill deficit in power sector your company has taken various initiatives like adoption of ITIs and leveraging in-house training infrastructure for skill enhancement in the sector. On the back of these initiatives, we were able to synchronize/ commission highest ever 9442 MW of power plant equipments during the year.

3. Product Cost Competitiveness & Quality

There is a constant endeavor to reduce costs. Points of focus include global sourcing, quicker indigenization, and various integrated operations improvement initiatives like Design-to-Cost (DTC), Purchase and Supply Chain Management (PSM) and Lean Manufacturing. These initiatives and others will increase our cost competitiveness while maintaining quality for which your company is well known.

4. Diversification

Your company is well positioned to continue its diversification strategy to enhance shareholders' value as we expand our offerings in new growth areas viz. Solar, Nuclear, Transportation, Transmission & Distribution, and Water. We remain positive that our diversification strategy would generate broad-based revenue streams for your company in the long run.

5. Engineering & Technology

As a result of conscious commitment to anticipate future needs of our society and to convert these needs into innovative technologies, your company continues to invest heavily in R&D. Company registered 31% growth in IPR capital taking the total to 1438 patents/ copyrights. It is heartening to note that today innovation-led business strategy of your company is globally recognized.

6. People Development

We strongly believe that the contribution of all of our talent is an essential component to our growth aspirations. Accordingly, we are reorienting focus of our Human Resource to develop not only each person's competencies, but also their performance and potential in alignment with our ongoing business challenges.

Conclusion

I would like to thank my fellow Directors on the Board and the members of the Management Committee for their wisdom and support. Various ministries of Govt particularly the Department of Heavy Industry have been providing valuable guidance and support in our efforts. And thanks also to our customers, shareholders, and other business partners for the opportunities to earn your confidence. Your company has been fortunate to have had visionary leaders and dedicated employees as the drivers of success.

I look forward to continued support from all stakeholders in BHEL's challenging yet exciting journey into the future.



B. Prasad Rao

Chairman & Managing Director

New Delhi

August 12, 2011



Board of Directors as on 31.07.2011



Shri B. Prasada Rao
Chairman & Managing Director



Shri Saurabh Chandra
Additional Secretary &
Financial Adviser



Shri Ambuj Sharma
Joint Secretary



Shri Ashok Kumar Basu
Director



Shri M.A. Pathan
Director



Smt. Reva Nayyar
Director



Shri V.K. Jairath
Director



Shri Trimbakdas S. Zanwar
Director



Shri S. Ravi
Director



Shri Anil Sachdev
Director (HR)



Shri Atul Saraya
Director (Power)



Shri I.P. Singh
Company Secretary



Shri O.P. Bhutani
Director (E,R&D)



Shri M.K. Dube
Director (IS&P)



Shri P.K. Bajpai
Director (Finance)

Management Committee as on 19.07.2011



Standing (Left to Right) : N. Khandelwal, A. K. Dave, Umesh Mathur, Rajeev Hajela, Vijay Kumar, S. M. Talukder, S. S. Gupta, A. Dasgupta, W.V.K. Krishna Shankar, B. Shankar, Subodh Gupta, Jitendra Kumar, Jainender Kumar, D. Ashok, Dr. H. S. Jain, T. N. Veeraraghavan

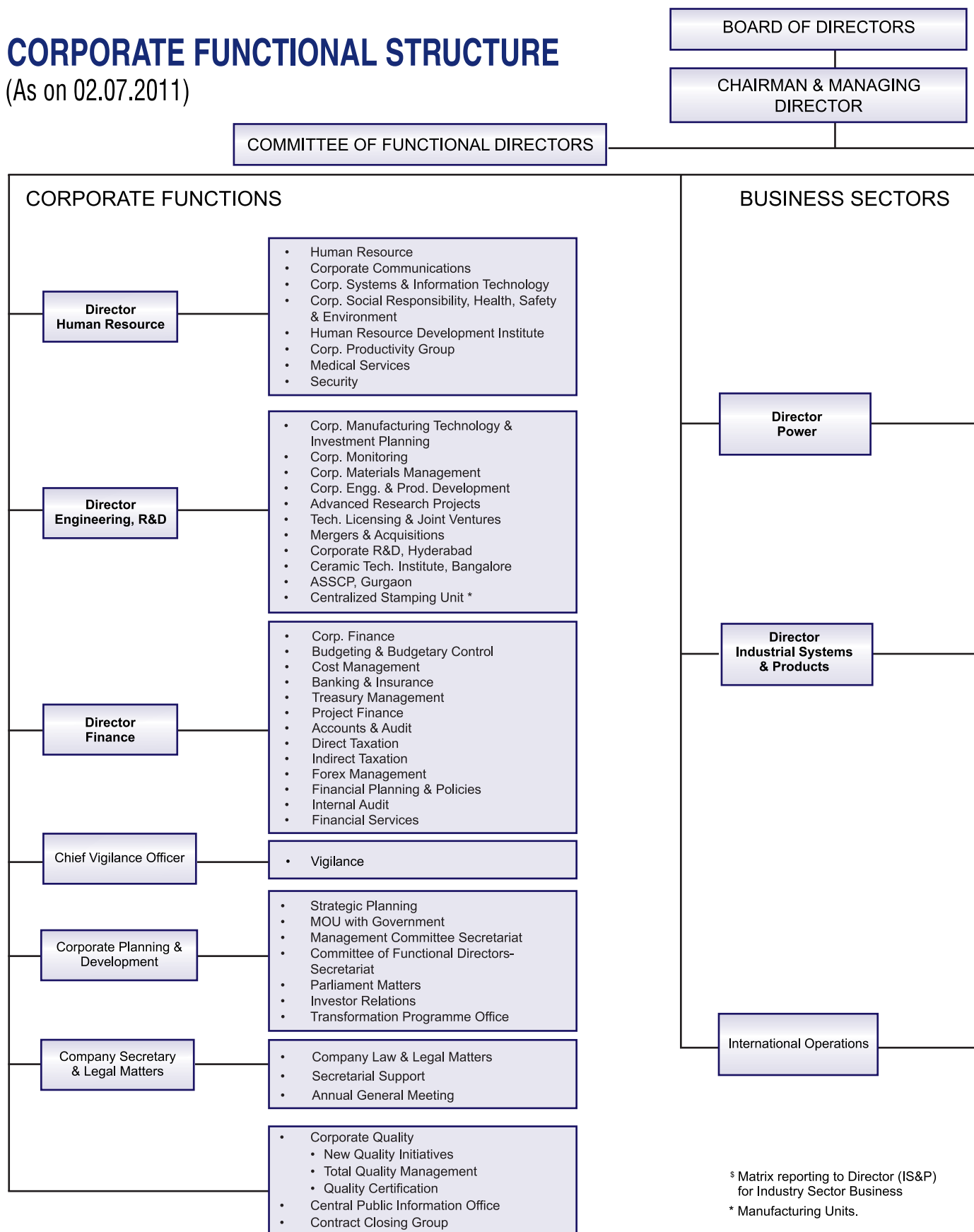
Sitting R-2 (Left to Right) : R. Krishnan, P. K. Uppal, M. Rajiv Kumar, R. K. Wanchoo, U. K. Das, S. Gopalakrishnan, G. Ganapathiraman, Ranjan Sahi, P. R. Shriram, A. V. Krishnan, V. Pandhi, A. Aurangabadkar, G. S. Bindra

Sitting R-1 (Left to Right) : D. K. Mody, P. K. Bajpai, O. P. Bhutani, Atul Saraya, B. Prasada Rao, Anil Sachdev, M. K. Dube, P. K. Agarwal, A. Chandrababu

B. Prasada Rao	- Chairman & Managing Director	- Corporate Monitoring
Anil Sachdev	- Human Resource	- Corporate Materials Management
	- Communications	
	- Systems and Information Technology	Dr. H.S. Jain
	- CSR, Health, Safety & Environment	- Corporate Research & Development
Atul Saraya	- Power Sector Business (Marketing, Project Engineering, E&C, Project Management, Spares & Services)	S. Gopalakrishnan
		- Power Sector Marketing
		- Thermal & Gas
		U.K. Das
		- Spares and Services Business
O.P. Bhutani	- Engineering, Research & Development	R.K. Wanchoo
	- Corporate Research & Development	- Project Engineering & Systems
	- Advance Research Projects	M. Rajiv Kumar
	- Operations Monitoring, Investment Planning, Materials Management	- Power Sector- Eastern Region
	- Technology Licensing & Joint Ventures and M&A	P.K. Uppal
	- Centralised Stamping Unit	- International Operations
		R. Krishnan
		- Heavy Power Equipment Plant
M.K. Dube	- Industrial Systems & Products Business (Captive Power Plants, Transmission, Transportation, Defence, Mechanicals, Electricals, Project Management)	P.K. Agarwal
	- Ceramic Business	- Power Sector Marketing - Nuclear & Hydro
	- Component Fabrication Plant	Jitender Kumar
	- Project Engineering & Systems Division	- Power Sector- Northern Region
		D Ashok
		- Ceramic Business
P.K. Bajpai	- Corporate Finance	Subodh Gupta
	- Budgeting & Control	- Captive Power Plant Business
	- Cost Management	- Industry Sector-Project Management
	- Treasury Management	- Defence Business
	- Accounts & Audit	Jainender Kumar
	- Taxation	- Power Sector- Project Management
	- Forex Management	B. Shankar
	- Internal Audit	- Human Resource & Corporate Communication
	- Financial Services	T.N. Veeraraghavan
D.K. Mody	- Officer on Special Duty- Corp. Office	- Transmission Business
P.R. Shriram	- Power Sector- Southern Region	W.V.K. Krishna
A. Aurangabadkar	- Power Sector- Western Region	- Corporate Planning & Development
G. Ganapathiraman	- Electronics Division	- Member Secretary, Management Committee
	- Electronics Systems Division	A. Dasgupta
	- Industrial Systems Group	- Corporate Systems and Information Technology
V. Pandhi	- Heavy Electrical Equipment Plant	S.S. Gupta
	- Pollution Control Research Institute	- Heavy Electrical Plant
A.V. Krishnan	- High Pressure Boiler Plant	- Electrical Machines Repair Plant
	- Seamless Steel Tube Plant	S.M. Talukder
	- Industrial Valves Plant	- Centralised Stamping Unit- Fabrication Plant
	- Piping Centre	Vijay Kumar
	- Welding Research Institute	- Corporate Quality
A. Chandrababu	- Boiler Auxiliaries Plant	- Contract Closing
G.S. Bindra	- Project Engineering Management	- Central Public Information Officer
Ranjan Sahi	- Corporate Manufacturing Technology & Investment Planning	Rajeev Hajela
		- Technology Licensing & Joint Ventures
		- Mergers & Acquisitions
		Permanent Invitees
		Umesh Mathur
		- Regional Operations
		A.K. Dave
		- Transformer Plant
		N Khandelwal
		- Central Foundry Forge Plant

CORPORATE FUNCTIONAL STRUCTURE

(As on 02.07.2011)



§ Matrix reporting to Director (IS&P) for Industry Sector Business

* Manufacturing Units.

MANAGEMENT COMMITTEE

- Power Sector – Marketing
- Power Sector - Regions (NR,ER,WR,SR)
- Project Engineering Management
- Project Management
- Technical Services
- Spares & Services Business Group^s
- Heavy Equipment Repair Plant, Varanasi
- Management Services & Human Resources

- Captive Power Plant Business
- Industrial Products Business (Elect & Mech.)
- Transmission Business Group
- Transportation Business
- Defense Business
- Central Marketing Group for NCES
- Ceramic Business Unit, Bangalore
 - Electro Porcelains Division, Bangalore*
 - Insulator Plant, Jagdishpur *
- Component Fabrication Plant, Rudrapur *
- Regional Operations Division
- Project Management Group
- Project Engineering & Systems Division, Hyderabad

- Overseas Business

OPERATIONS

- Heavy Electrical Plant, Bhopal *
- Centre for Electric Transportation, Bhopal

- EMRP, Mumbai

- Transformer Plant, Jhansi *

- Heavy Electrical Equipment Plant, Haridwar *
- Pollution Control Research Institute, Haridwar

- Central Foundry Forge Plant, Haridwar *

- Heavy Power Equipment Plant, Hyderabad *

- Industrial Valves Plant, Goindwal *

- High Pressure Boiler Plant, Trichy *
- Seamless Steel Tube Plant, Trichy *
- Welding Research Institute, Trichy

- Piping Center, Chennai

- Boiler Auxilliary Plant, Ranipet *

- Electronics Division, Bangalore *
- Electronics Systems Division, Bangalore *
- Industrial Systems Group, Bangalore

Corporate Profile

Established more than 40 years ago, BHEL is the largest engineering and manufacturing enterprise of India in the energy & infrastructure related sectors. BHEL is amongst world's rarest few who have the capability to manufacture entire range of power plant equipment. Since its inception, BHEL is maintaining a consistent track record of growth, performance and profitability.

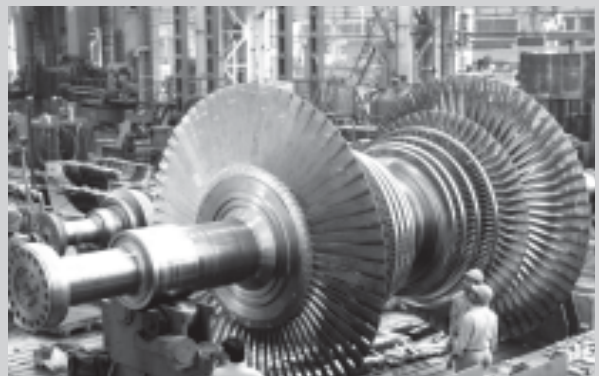
The company has grown in stature over the years with continued inflow of orders, manufacturing prowess, continued thrust on technology leading to a strong presence in domestic and international markets as a major supplier of power plant equipments besides establishing substantial inroads in select segment of products in Industrial sector and Railways. The company has realised the capability to deliver 15,000 MW p.a. power equipment capacity and the further expansion program is underway to reach 20,000 MW p.a by 2012.

BHEL caters to core sectors of the Indian Economy viz., Power Generation and Transmission, Industry, Transportation, Renewable Energy, Defence, etc. The wide network of BHEL's 15 manufacturing divisions, 2 repair units, 4 power sector regions, 8 service centres, 15 regional offices, 2 subsidiaries and a large number of Project Sites spread all over India and abroad enables the company to provide most suitable products, systems and services- efficiently and at competitive prices. The company has entered into a number of strategic joint ventures in supercritical coal fired power plants to leverage equipment sales besides living up to the commitment for green energy initiatives.

BHEL, where Quality Systems as per ISO-9000 have

taken deep roots, has now made significant achievements in Business Excellence by securing recognition certificates from CII for four out of five units that participated in the CII-EXIM Business Excellence Award scheme in 2010-11.

Continuing its tradition of bagging prestigious national/ international awards, the company has been honoured with several awards which included 'EEPC Star Performer Award' in the Product Group of Project Exports for 20th consecutive year; SCOPE Award for 'Excellence and Outstanding Contribution to the Public Sector Management'; 'Dainik Bhaskar India Pride Award:2010' in Heavy Industries Category; 'ICWAI National Awards for Excellence in Cost Management' for 2009 among public and private sector companies for the fifth successive year; 'India Power Award for Equipment Manufacturing and for electrifying Lakshadweep Islands with Solar Power' from Council of Power Utilities; Six Prime Minister's Shram Awards including one 'Shram Bhushan' and three 'Vishwakarma Rashtriya Puraskars'; 'IEI Industry Excellence Award 2010' for Overall Business Excellence and Industry Practices from the Institution



500 MW Turbine LP Rotor under assembly at BHEL plant